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TAGS: [PGOV](#) [CH](#) [HK](#)

SUBJECT: LIBERAL PARTY: FINDING THEIR OWN ROAD FORWARD

REF: (A) 08 HONG KONG 2093 (B) 08 HONG KONG 1950

Classified By: Consul General Joe Donovan for reasons 1.4 (b) and (d)

11. (C) Summary and comment: At the end of last year, the pro-business, pro-government, pro-Beijing Liberal Party (LP) appeared forsaken by tycoons, the Hong Kong government, the Central Government Liaison Office (CGLO) and half its Legislative Council (LegCo) delegation (ref B). Yet, the year of the Ox finds them alive and well and being feted by the head of CGLO to extensive press coverage. What is not clear is whether this return to grace is also an attempt to bring the LP back into (Beijing's) line. Going forward, the party faces two challenges. First, it must choose whether to continue to represent big business interests through the "small-circle" LegCo functional constituencies or transition to a true center-right liberal democratic party. The former will likely win greater support from the establishment, the government, and Beijing, including their support in future elections. The latter course, however, preserves the party's demonstrated commitment to democratic principles and is ultimately better for Hong Kong's democracy. Second, the LP has a tremendous task to overcome years of neglecting grass-roots coalition building at the District Council level. End summary and comment.

Auld Acquaintance

12. (C) As reported ref B, one of the big stories surrounding last September's LegCo election was an alleged election day phone call from then-Liberal Party (LP) Chair James Tien to the Central Government Liaison Office (CGLO) to request CGLO throw its support behind Tien and Vice Chair Selina Chow's failing election efforts. True or not, both lost, and the word on the street was that both Beijing and the Hong Kong government had written off the LP. Chinese University (CUHK) Professor Ivan Choy told us (and other contacts have suggested) that the Hong Kong government was tired of the LP's trying to bargain for concessions each time the government asked its support. LP founding chairman Allen Lee concurs James Tien's relations with Chief Executive (CE) Donald Tsang were "so-so", telling us Tsang had tried and failed to engineer Tien's ouster a few years ago. Whatever the background, Lee reports Tien saw Tsang about ten days after the September 2008 LegCo elections, at which time Tsang told Tien to leave politics and "go home and raise his grandson."

13. (C) The second mortal wound was the departure of three LP legislators -- Jeffrey Lam, Sophie Leung, and Andrew Leung -- who became independents. Allen Lee reports that, following Tien and Chow's resignations, Beijing and the Hong Kong government favored Jeffrey Lam to lead the party. Tien, however, stinging from the rebuff, backed Miriam Lau, who also enjoyed the support of party elders and the rank-and-file. Lau took the chairmanship, and the "three L's" departed as independents. Efforts to form a bloc with

other independents -- which CUHK's Choy said carried the incentive of an Executive Council seat for Lam -- came to naught, and the three remain unaffiliated.

14. (C) With so much bad blood let, more than one observer remarked with surprise when official PRC and pro-Beijing local media gave lavish coverage to a Chinese New Year visit by the LP leadership to the CGLO, at which they were praised and feted by Director Gao Siren. The meeting, which media report was requested by the LP, is seen as indicating a thaw in relations between the party and Beijing. Both sides, however, took pains to portray the meeting as only the latest in a close relationship of long-standing. In typical Mainland rhetoric, Gao praised the patriotic "love China, love Hong Kong" orientation of the LP, their advocacy for "industrial and commercial circles", and their efforts to coordinate with the government and CGLO to ensure Hong Kong's smooth return to the Motherland under "one country, two systems." Perhaps articulating Beijing's instructions, Gao urged the LP to "soberly analyze changes in the situation, adjust its thinking, make clear its orientation, reform in order to innovate, and set out anew" in order to increase its strength and expand its role in Hong Kong politics.

Ideological Crossroads

15. (C) Having declared the LP dead to anyone who asked him (and gotten front-page coverage as a result) last fall, Allen Lee now concedes he might have been mistaken. The Tien brothers, particularly National People's Congress delegate

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Michael, are "fighters", Lee told us. Michael Tien is "talking sense" now, Lee said, and is putting his money where his mouth is, offering the party use of one his properties for one Hong Kong dollar (about thirteen U.S. cents) a year. As of late January, Lee believed the LP was no longer coordinating with the CGLO and the Hong Kong government. Lee had pointed out to us last fall that the LP had broken with the government to support LegCo's use of its rights under the "Legislative Council (Powers and Privileges) Ordinance" to force banks and brokers to open their books to a LegCo inquiry into the Lehman minibonds issue (ref A). CUHK's Choy sees Michael Tien as the leading advocate for transforming the party into a center-right democratic party supporting business interests writ large (as opposed to the interests of specific tycoons). The LP has consulted with him on how to effect this transition, which meetings he made sound like seminars in political theory.

16. (C) Michael Tien himself suggested the LP's natural constituency may also be one of its challenges, since he thinks this now-silent group of "contented optimists" does not vote. This demographic believes Beijing is in control of what goes on in Hong Kong (so voting is pointless) but has faith that Beijing will look out for Hong Kong (so is content). Tien believes one means of shaking these "contented optimists" out of their apathy is for the LP to convey better who they are and for what values they stand, something he feels the LP has failed to do in past. Citing his own decision to run in the Kowloon West geographic constituency in September 2008, Tien is adamant he opposes the back-room deals which typify the "small circle" elections in the functional constituencies. (Note: In September 2008, 14 of the 30 functional constituency seats were returned uncontested. End note.)

17. (C) CUHK's Choy suggests, and party contacts have confirmed, the LP has not abandoned efforts to win Lam, Leung and Leung back into the fold. Choy sees this is a make-or-break issue in the LP's transition. The return of the three, Choy believes, would signal a regression by the LP to its roots of representing the business elite in the functional constituencies. Michael Tien would rather lead

the party in a new direction, and Choy believes Tien would leave if the three returned.

Exiles On Main Street?

18. (C) The lesson all parties took from the 2008 elections is that, no matter the personal qualities of candidates, street-level organization and "brand recognition" are vital pillars of any successful campaign. Allen Lee and Ivan Choy both believe the LP has a long haul to overcome many years of neglecting the grassroots. The question is how the party, which still opposes the minimum wage and, other than on minibonds, has rarely aligned itself with the masses, can find its niche in the local District Councils. Michael Tien's goal is to have competent councilors whose work advertises the LP "brand". He feels the LP can play to its strengths by offering seminars on topics like running one's own business to the public. While he disdains "handing out rice" (tokens to constituents like New Years' baskets) as a political tool (which he and others associate with the Beijing-backed Democratic Alliance for the Betterment of Hong Kong), he concedes the party may need to do some of that as well.

19. (C) District Counselor Ken Chow, who also ran as number two on Selina Chow's LegCo slate, has made party restructuring his project. Casting the LP as occupying a middle ground between the pan-democrats and the pro-Beijing parties, Chow is looking to find policies which can appeal across the economic spectrum, like support for small- and medium-sized enterprises. After associating these policies with the LP, he hopes both to market candidates under the LP brand and attract like-minded independent incumbents to the party ranks. Interestingly, Chow has worked with the National Democratic Institute on one of its electoral studies and has availed himself of their political tradecraft training materials, something of a rarity among the pro-establishment ranks.
DONOVAN